Procedure of booking vehicles with manufacturers

*72. SHRI BEKAL UTSAHI:
DR. RATNAKAR PANDEY:

Will the Minister of INDUSTRY be pleased to state:

(a) Whether Government have streamlined the procedure of booking vehicles with the manufacturers and imposed strict penalty on them for not refunding the people 'advance deposit' within a stipulate period; and

(b) if so, what are the details of the revised guidelines issued to the automobile manufacturers in this regard?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) Yes, Sir.

(b) A statment is laid on the Table of the House.

Statement

The following revised guidelines for acceptance, deployment and refund of advance deposits for booking of vehicles in the automobile sector have been issued on 9.12.1988:

1. The advance deposit will not exceed 10% of the ex-factory value of the vehicle, excluding excise duty.

2. The number of applications accepted should not exceed planned production of that vehicle over the next five years. In case the number of applications received for advance booking exceeds this limit, the advance deposit received on the excess application should be refunded within three months of the closing date of the booking. For this purpose, the manufacturer should draw a lot for all the applications received on an all-India basis so as to select on a random basis such number of applications as is equivalent to the planned production of the vehicle over the next 5 years.

3. The booking can be kept open for a maximum period of three months. However, in the event of the total number of applications received exceeding the planned production over the next five years, the booking should be closed forthwith subject to the condition that no such closure will be made prior to 15 days of the date of opening of the booking.

4. A manufacturer shall reopen booking and collect advace deposits for the same vehicle only after 50% of the previous booking have been adjusted by way of sale of vehicles as well as refund of advance money on cancellations.

5. A minimum compound interest at the rate of 7% will be paid for the term of booking, i.e. from the date of receipt of the advance deposit till the date of delivery of the vehicle or the date of its refund in the event of a cancellation. However, no interest need to be paid where cancellation is made by an applicant within one year from the closing of the booking.

6. In the case of an accepted application, the manufacturer should refund the advance deposit within 60 days of receiving the cancellations request from the applicant.

7. In case a manufacturer fails to refund the advance money within the stipulated period of 60 days mentioned in para 6, he should day a penal interest of 5% over and above the normal rate of interest for the period of delay.

8. The money received through advance booking shall be deployed as follows:—

(a) Not less than fifty per cent of the deposits received should be deposited with nationalised banks/public sector financial institutions/public sector undertakings.

(b) The balance amount could be utilised by the company for its own operations as working capital.

(c) a quarterly report indicating deployment of money received through advance booking would be filed with the Department of Industrial Development.

9. In the advertisement inviting applications for advance booking, a manufacturer shall, *inter alia*, set out the floowing particulars:

(a) Particulars of the vehicle.

(b) Terms and conditions of the advance booking.

(c) Planned production of the vehicle over the next 5 years.

(d) If the vehicle is already in production, the date of commencement of production, the actual production till date, and the production programme for the next 5 years.

(e) Details of advance money all ready taken by the company in the past, including the total number of such bookings, amount collected through such bookings, number of vehicles delivered, number of outstanding bookings, number of cancellations and the number of pending requests for refund on that date.

(f) Manner of drawing of lot for refund of excess applications with reference to para 2 of the guidelines.

(g) Normal rate of interest for the term of booking as well as penal interest for delayed refund with reference to para 4, 5 and 6 of the guidelines.

10. After the drawal of the lot referred to in para 2 is completed, the manufacturer shall put out an advertisement indicating, *inter alia*, the date of opening and closing of the booking, the number of applications received and accepted and other relevant particulars for refund of the advance deposit on non-accepted applications.

11. These are voluntary guidelines to be observed by manufacturers for safeguarding the interests of the consumer. However, major contravention of these guidelines may result in the manufacturer being refused Government approvals for industrial licence, import of capital goods, components and raw materials, technologies, and the like.

12. The guidelines will be effictive from the date of issue and apply to prospective booking of vehicles.

Restructring of Public Sector Units

*73. SHRI E. BALANANDAN:
SHRI ASHIS SEN:

Will the Minister of INDUSTRY be pleased to state:

(a) Whether Government are planning to evolve some scheme for restructuring the public sector units; and

(b) if so, by when the scheme will be made public?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) and (b) No specific scheme as applicable to central public sector enterprises in general has been evolved by the Government. However, restructuring the central public sector units is done on a case to case basis on merits. Government have been taking various steps in this regard like formation of holding companies in some areas, merger in others etc., to bring about improvment in the functioning of public sector units.